

1 November 1951

The Honorable Gordon Gray
Director, Psychological Strategy Board
708 Jackson Place, N. W.
Washington, D. C.

Dear Gordon:

I have your letter with regard to the [redacted] [redacted] It is quite correct that we are very much interested in this group and are considering ways and means by which we can be of help to it. I understand that you are shortly to have a briefing on the work of the Center and I should like to talk with you further about it after the briefing and before the 16th of November as I plan to meet with members of the Center in Boston on that day for a general review of their plans.

Is there any likelihood that you could be present in Boston on the 16th?

Faithfully yours,

Allen W. Dulles

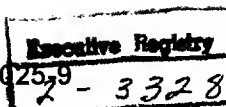
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Army review(s) completed.

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1 November 1951

The Honorable Gordon Gray
Director, Psychological Strategy Board
708 Jackson Place, N. W.
Washington, D. C.

Dear Gordon:

I return herewith the material from Eli Ginsberg which you sent me with your note of 26 October 1951. I have taken a copy of it in order to have an opportunity to give it further study. [redacted] whose memorandum he encloses, worked with me in New York during the early days of the war. I have a most favorable impression of him.

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Sincerely,

Allen W. Dulles

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DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
WASHINGTON 25, D. C.

IN REPLY REFER TO:

20 October 1951

Mr. Gordon Gray, Director
Psychological Strategy Board
708 Jackson Place
Washington, D.C.

Dear Mr. Gray:

I appreciate the fact that I had an opportunity to talk with you yesterday about my recent trip to SHAPE, EUCOM, and England. My only regret is that in so doing I added to your already tight schedule.

In accordance with our conversation, I am putting down on paper the major points which I reviewed with you. I am dividing my comments into three parts: diagnosis, conclusions, and recommendations.

Re diagnosis:

- a. Germany -- Our desire to get on with the defense of Western Europe has made very bad traders of us in the case of the Germans. We have failed to remember the extent to which all Germany policy is dictated by the sheerest type of opportunism. We have likewise underestimated the extent to which there will always be a pull between West Germany and East Germany. Germany's recovery on the economic front has been remarkable and we are really confronted with a new "German problem". One of the most serious shortcomings of American policy has been our lack of effective relations with the Socialist opposition. The U.S. must look forward to an increasingly difficult problem in Western Europe because of the improved bargaining position of the Germans, who will use their strength to the full.
- b. France -- The whole of French life, political, economic, and social, is frozen. Despite our post-war assistance, we have failed to really win the middle third to our side. All that one can say is that we have not lost them as yet. We did very little for the working classes when we were pouring money in via ECA. Now that we are trying to get the French to accelerate their rearmament program, the already unsatisfactory economic conditions

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of the masses will probably deteriorate. The political implications for the U.S. are obvious. Although most Frenchmen are looking for a "new deal", they have no reason to expect that they can receive one via American effort.

- c. Italy -- If the situation in France is unsatisfactory, that of Italy is definitely dangerous. There is a real chance that the Communists may win a free election. As in France, the government is uninterested or unable, probably both, to tackle effectively important areas where reforms are sorely needed. Even in plants run completely with ECA funds, the government has not prevented Communist trade unionists from getting a stranglehold. The only party that promises the workers anything is the Communist Party. If the Communists should gain a 40 odd percent vote, one must assume that some of the weak politicians will try to join the bandwagon. The situation remains most precarious.
- d. England -- The political situation is of an entirely different order as far as the U.S. is concerned, as compared with Germany, France, and Italy. The British are substantially united and are basically committed to the same values as we are. However, their economy is very taut. One must not overlook the fact that the Scottish trade unions supported Aneurin Bevan. U.S. policy must be careful not to push the British over the economic brink as far as the internal domestic situation is concerned. We may have an option of more loans and more rearmament, or slower rearmament.

Re conclusions:

- a. The U.S. has not become identified in Western Europe with a "new deal" for the masses of the population.
- b. Neither the U.S. nor its democratic allies have an effective personality similar to Stalin. Eisenhower has potentials but not as long as he is on active military duty.
- c. Our overanxiousness to get a German contribution for defense has led to the creation of a new German problem.
- d. As far as France and Italy are concerned, we must be careful that our defense preoccupation does not set the stage for what might be called a "Chinese solution", in which we do a little and not enough and eventually lose the country to our opponents.

- e. We have failed to date to differentiate short- and long-run objectives and have paid insufficient attention to the priority issues under both heads. We should be pushing the French and the Italians much more than we are to mess up their local Communists; on the other hand, we ought to be at work on long-term problems such as Italian unemployment.
- f. The frozen situation in France can give probably only via a series of reforms which are supra-national. Likewise, there is probably no chance of keeping the Germany problem under control except within a broader context of Western European effort. Although the U.S. has begun to push along these lines, there is much more which we can and should do.
- g. There is a lack of effective integration of American effort -- diplomatic, economic, and military. To the extent that there is formal leadership via the ambassadors, we suffer from the historically passive State Department approach.

Recommendations:

- a. It is important to use every means at our disposal, the Catholic Church, trade unions, editors, etc., to correct the picture that most Americans now have that ECA solved the Western European problem. We must get the country prepared for the long pull without permitting it to become too discouraged.
- b. There is the utmost need for organizational and leadership changes to intensify the effectiveness of American effort on the three fronts of diplomatic, economic, and military aid. Care should be taken in such a reform to be sure that there is civilian control rather than military control at the top.
- c. Closely related to the foregoing is the need for some tougher operators in countries where we must seek to push the Communists back rapidly, as in Italy and France. The search for proper personnel who combine diplomatic, military, and psychological strength will admittedly be very difficult.
- d. To the extent that we still retain certain important controls over Germany, we should be careful to hold on to them and not bargain them away foolishly. The Germans should be forced to demonstrate over a considerable period of time that they are really with us before we trust them.

- e. The U.S. should accelerate the support which it has begun to give to French leadership in working toward Western European integration.
- f. It is most important that in all future aid a conscious effort be made to identify what the U.S. is doing in Western Europe with a "new deal" for at least a part of the population. There is no reason why we should not establish minimum labor standards, etc. in our current offshore procurement program. Every action that the U.S. takes should have something positive about it for the local population. In the last analysis we must win this population or we lose everything.

Although I have tried to be as brief as possible, I regret that the letter grew to four pages. But then Western Europe really is quite a problem!

I am enclosing, as you requested I should, a copy of the document prepared by the Vatican group on the Italian situation, which, as I mentioned to you, takes anything but an optimistic point of view. I cannot, however, refrain from commenting on the fact that despite the quite pessimistic appraisal, the solutions recommended -- food packages -- seem hardly adequate. This reemphasizes the fact that the groups that have the most to lose in Western Europe are still looking for a very cheap solution.

Is there anything on paper about the scope and responsibilities of the Psychological Strategy Board? I would be much interested to learn at least a little about the direction of your present efforts.

With kind regards,

Sincerely yours,

Eli Ginzberg
Consultant

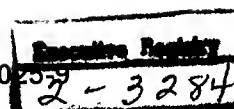
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1 November 1951

The Honorable Gordon Gray
Director, Psychological Strategy Board
708 Jackson Place, N. W.
Washington, D. C.

Dear Gordon:

I have your note of 29 October 1951 enclosing letter to you of 25 October 1951, which I return herewith. I thoroughly agree with what you have said to . Interesting as his project is, it certainly requires careful review and amendment before it would fit into our scheme of psychological strategy. In fact, the real question is whether the basic idea of the plan is susceptible of modification to a point where it would fit in with existing policy. I enclose a copy of the letter which I am sending

Sincerely,

Allen W. Dulles

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